

Capital Spending Projections

Illinois-American Water, Northern Illinois Water, United Water Illinois and Citizens Illinois

Combined Company

Exhibit

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Period Reported 2001-2005

Line No.	Constuction Description	2001	2002	2003	2004	2005	Total
1	Production Projects	\$3,919,200	\$3,966,200	\$5,615,870	\$9,551,400	\$8,355,500	\$31,408,170
2	Distribution Projects	12,773,144	12,704,940	11,390,394	11,130,551	11,610,002	59,609,031
3	General Projects	<u>5,115,382</u>	<u>4,684,779</u>	<u>5,060,241</u>	<u>4,291,921</u>	<u>4,448,021</u>	<u>23,600,344</u>
4	Total	\$21,807,726	\$21,355,919	\$22,066,505	\$24,973,872	\$24,413,523	\$114,617,545

Cash Flow Projection

Illinois-American Water, Northern Illinois Water, United Water Illinois and Citizens Illinois

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Period Reported 2001-2005

Line No.		2001	2002	2003	2004	2005
1	Total Capital Expenditures	\$21,807,726	\$21,355,919	\$22,066,505	\$24,973,872	\$24,413,523
2	Less Net Income	(21,496,978)	(20,064,888)	(19,864,125)	(20,986,661)	(20,424,597)
3	Plus (Less):					
4	Depreciation and Amortization	(22,445,902)	(23,260,091)	(24,005,842)	(24,768,468)	(25,668,412)
5	Deferred Taxes, Net	724,858	2,013,896	1,897,651	1,031,349	1,489,123
6	Investment Tax Credit Change	(242,706)	(242,706)	(242,706)	(242,706)	(242,706)
7	Common Dividends	16,020,000	18,059,000	17,878,000	18,888,000	23,264,000
8	Preferred Dividends	38,000	34,000	33,000	33,000	33,000
9	Maturing Preferred Equity	76,000	60,000	0	0	0
10	Maturing Long-Term Debt	5,818,724	21,725,970	735,129	17,400,000	7,600,000
11	Net Financing Needs	\$299,722	\$19,681,100	(\$1,502,388)	\$16,328,386	\$10,463,931
12	Financing Plan					
13	New Long-Term Debt Issued	30,000,000	0	0	43,000,000	0
14	Bal. Used (on Hand) with Bond Trustee	0	0	0	0	0
15	Increase in Short-Term Debt / Other	(29,700,278)	19,681,100	(1,502,388)	(26,671,614)	10,463,931
16	Net Financing Sources	\$299,722	\$19,681,100	(\$1,502,388)	\$16,328,386	\$10,463,931

Capital Structure

Illinois-American Water, Northern Illinois Water, United Water Illinois and Citizens Illinois
Combined Company

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Period Reported 2001-2005

Line No.		<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1	Long-term Debt	\$299,622,620	\$277,896,650	\$277,161,521	\$302,761,521	\$295,161,521
2	Preferred Stock	610,000	550,000	550,000	550,000	550,000
3	Common Equity	<u>243,672,903</u>	<u>245,678,791</u>	<u>247,664,916</u>	<u>249,763,577</u>	<u>246,924,174</u>
4	Total	\$543,905,523	\$524,125,441	\$525,376,437	\$553,075,098	\$542,635,695
5	Long-term Debt Ratio	55.09%	53.03%	52.76%	54.74%	54.40%
6	Preferred Stock Ratio	0.11%	0.10%	0.10%	0.10%	0.10%
7	Common Equity Ratio	<u>44.80%</u>	<u>46.87%</u>	<u>47.14%</u>	<u>45.16%</u>	<u>45.50%</u>
8	Total	100.00%	100.00%	100.00%	100.00%	100.00%

Assumptions Used in Projections

Illinois-American Water, Northern Illinois Water, United Water Illinois and Citizens Illinois
Combined Company

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No.

- 1 Capital Additions
- 2 Capital additions are made as planned according to an assessment of identified needs within the
- 3 individual service area. Developer contributions reduce the level of required spending shown on page 1.
- 4 Cash Flow Projections
- 5 Long-term debt and equity financing of Citizens acquisition is reflected in 2000. Rate increases are
- 6 included for 2001 and 2004. A change in depreciation rates is also shown for the IAWC pre-merger
- 7 service areas in 2001.
- 8 Projected Capitalization
- 9 Financing of Citizens acquisition is reflected, along with other planned issuances of long-term debt.
- 10 After Citizens acquisition, no new issuance of common or preferred equity is reflected.